

ABAG Publicly Owned Energy Resources (ABAG POWER)

Executive Committee

May 28, 2020

Agenda Item 7.a.

Natural Gas Program

Subject: Fiscal Year 2020-21 Preliminary Operating Budget

Background: The preliminary natural gas program budget for Fiscal Year (FY) 2020-21 reflects a decrease of 6%, from \$7.8 million to \$7.4 million, compared to the previous fiscal year.

Revenue

The gas program operates as a not-for-profit entity; therefore, revenue equals costs less interest and other income. The decrease in revenue is due to a corresponding decrease in expenses.

Cost of Energy

The cost of energy is comprised of pass-through, gas commodity and shrinkage, transportation, and storage costs.

Pacific Gas and Electric Company (PG&E) pass-through costs represent 58% of the program budget and primarily consist of customer and transportation costs associated with local distribution. The California Public Utilities Commission (CPUC) determines “just and reasonable” rates requested by PG&E through public proceedings. These costs have increased significantly in recent years, driven by PG&E’s requested cost recovery for safety improvements. The decrease in budgeted costs is attributable to a projected decline in usage.

Commodity costs are impacted both by the program’s usage and market factors including supply and demand, purchase location and contract structure. The year-over-year decrease anticipates less gas purchased and sustained, relatively low commodity costs. Shrinkage refers to the loss of a small volume of gas during compression and long-distance transport. Because of shrinkage, the program must purchase more gas than is actually used.

Intra- and inter-state pipeline transportation costs are dependent upon the program’s gas purchasing strategy, which details where, and in which amounts, gas is purchased. Pipeline transportation rates are determined by state or federal agencies which regulate pipeline operators.

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Storage costs are expected to decline because of a shift from PG&E to a third-party provider. The program has exclusively used PG&E-provided storage since 2013.

Staff Cost

Staff costs will decrease by approximately \$14,000 or 3% as a result of a decrease in staff time allocated to the program.

Consultant Services

With the exception of the natural gas scheduling services contract, no changes are proposed to Consultant Services. During FY 2019-20, the program incurred one-time costs associated with transitioning its utility database.

Other Expenses

There are no significant changes proposed to Other Expenses.

Issues:

None.

Recommended Action:

The ABAG POWER Executive Committee is requested to review and comment on the preliminary Fiscal Year 2020-21 ABAG POWER budget. The final budget will be presented for approval to the Executive Committee at its scheduled June 17, 2020 meeting.

Attachment:

ABAG POWER FY 20-21 Preliminary Operating Budget

Reviewed:

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Brad Paul 5/13/2020
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Brad Paul

	YTD Actual As of 03/31/20	Projected FY 2019-20	Adopted Budget FY 2019-20	Proposed FY 2020-21	% Change Inc./Dec
Revenue					
Sale of Energy	\$ 5,890,350	\$ 7,755,120	\$ 7,754,640	\$ 7,328,760	-5%
Interest Income - Banks/LAIF	\$ 18,299	\$ 36,597	\$ 35,000	\$ 35,000	0%
Other Revenue	\$ 6,624	\$ 6,624	\$ 9,000	\$ 9,000	0%
Total Revenue	<u>\$ 5,915,273</u>	<u>\$ 7,798,341</u>	<u>\$ 7,798,640</u>	<u>\$ 7,372,760</u>	-5%
Expense					
Cost of Energy					
PG&E Pass-through Costs	3,537,645	4,662,645	\$ 4,712,638	\$ 4,306,880	-9%
Gas Commodity & Shrinkage Costs	1,112,224	1,412,224	\$ 2,094,257	\$ 1,774,930	-15%
Intra/Interstate Pipeline Transportation	301,058	401,558	\$ 275,000	\$ 531,851	93%
Gas Storage	158,149	185,733	\$ 148,657	\$ 127,618	-14%
Total Cost of Energy	<u>5,109,076</u>	<u>6,662,159</u>	<u>\$ 7,230,552</u>	<u>\$ 6,741,279</u>	-7%
Staff Cost					
Salary & Benefits	161,759	216,659	\$ 280,455	\$ 266,243	-5%
Overhead	91,653	123,153	\$ 150,212	\$ 150,854	0%
Total Staff Cost	<u>253,412</u>	<u>339,812</u>	<u>\$ 430,667</u>	<u>\$ 417,097</u>	-3%
Consultant Services					
Gas Scheduling Services	\$ 14,850	\$ 19,800	\$ 19,800	\$ 75,000	279%
Database Hosting Services	\$ 21,996	\$ 21,996	\$ 32,350	\$ 20,000	-38%
Brokerage Services	\$ 6,234	\$ 8,334	\$ 12,000	\$ 12,000	0%
External Legal Support	\$ -	\$ -	\$ 10,000	\$ 10,000	0%
Electronic Data Interchange Services	\$ 5,101	\$ 6,901	\$ 7,750	\$ 7,750	0%
Total Consultant Services	<u>\$ 48,181</u>	<u>\$ 57,031</u>	<u>\$ 81,900</u>	<u>\$ 124,750</u>	52%
Other Expenses					
Audit	\$ 42,256	\$ 42,256	\$ 69,000	\$ 70,000	1%
Interest Expense/Bank Charges	\$ 6,897	\$ 9,222	\$ 9,500	\$ 9,500	0%
Catering	\$ 1,270	\$ 1,520	\$ 2,000	\$ 2,000	0%
Market Pricing Subscriptions	\$ -	\$ 1,660	\$ -	\$ 1,660	-
Travel	\$ 378	\$ 378	\$ 1,000	\$ 1,000	0%
Industry Memberships & Conferences	\$ 1,362	\$ 1,362	\$ -	\$ 1,450	-
Insurance	\$ 1,121	\$ 1,121	\$ 700	\$ 700	0%
Miscellaneous	\$ 0	\$ -	\$ 300	\$ 300	0%
Total Other Expense	<u>\$ 53,284</u>	<u>\$ 57,519</u>	<u>\$ 82,500</u>	<u>\$ 86,610</u>	5%
Total Expense	<u>5,463,953</u>	<u>7,116,521</u>	<u>\$ 7,825,619</u>	<u>\$ 7,369,736</u>	-6%
Year-end Balance	<u>\$ 451,320</u>	<u>\$ 681,820</u>	<u>\$ (26,979)</u>	<u>\$ 3,024</u>	
Core Annual Usage (Dth):	428,616	547,876	608,514	577,537	-5%
Noncore Annual Usage (Dth):	76,854	93,890	75,949	86,143	13%
Core Gas Commodity (\$/therm):			\$ 0.37	\$ 0.35	-6%
Noncore Gas Commodity (\$/therm):			\$ 0.34	\$ 0.34	0%
PG&E Pass-through Costs (\$/therm):			\$ 0.77	\$ 0.75	-4%
Program Expenses (\$/therm):			\$ 0.08	\$ 0.09	16%
Core Total Rate (\$/therm):			\$ 1.22	\$ 1.18	-3%
Noncore Total Rate (\$/therm):			\$ 0.42	\$ 0.43	3%

			ABAG POWER Operating Costs		PG&E Costs		
			Gas Commodity and Transportation Cost	Program Expenses	Gas Storage Costs	PG&E Pass-through Costs	Distribution Shrinkage
Core Rates	Small Commercial	G-NR1	\$ 0.340	\$ 0.088	\$ 0.022	\$ 0.750	\$ 0.0265
	Large Commercial	G-NR2				\$ 0.590	
	Residential	G-1/GM				\$ 0.876	
Noncore Rate	Electric Generation	G-NT	\$ 0.340	\$ 0.088	\$ -	\$ -	\$ 0.002

Member Agency	Master Account	Predominant Load Schedule	Estimated Annual Usage	Gas Commodity and Transportation Cost	Program Expenses	Gas Storage Costs	PG&E Pass-through Costs	Distribution Shrinkage	Total Annual Cost Estimate	FY 20-21 Monthly Levelized Charge	FY 19-20 Monthly Levelized Charge
Alameda, City											
Alameda, City	ALAACPC001	G-NR1	51,574	\$ 17,517	\$ 4,542	\$ 1,140	\$ 38,690	\$ 464	\$ 62,353	\$ 5,200	\$ 5,660
Alameda Municipal Power	ALAACPC002	G-NR1	548	\$ 186	\$ 48	\$ 12	\$ 411	\$ 5	\$ 662	\$ 60	\$ 80
Alameda City Housing Authority	ALAACPC003	G-1/G-M	41,366	\$ 14,050	\$ 3,643	\$ 914	\$ 36,239	\$ 372	\$ 55,219	\$ 4,610	\$ 6,140
Albany, City	ALBACPC001	G-NR1	11,430	\$ 3,882	\$ 1,007	\$ 253	\$ 8,574	\$ 103	\$ 13,818	\$ 1,160	\$ 1,260
Atherton, Town	ATHACPT001	G-1/G-M	4,186	\$ 1,422	\$ 369	\$ 92	\$ 3,667	\$ 38	\$ 5,587	\$ 470	\$ 540
Benicia, City	BENACPC001	G-NR1	68,114	\$ 23,135	\$ 5,998	\$ 1,505	\$ 51,098	\$ 613	\$ 82,350	\$ 6,870	\$ 7,080
Contra Costa, County	CONACPN001	G-NR1	1,260,780	\$ 428,228	\$ 111,028	\$ 27,859	\$ 945,813	\$ 11,348	\$ 1,524,277	\$ 127,030	\$ 128,800
Cupertino, City	CUPACPC001	G-NR1	41,123	\$ 13,967	\$ 3,621	\$ 909	\$ 30,849	\$ 370	\$ 49,717	\$ 4,150	\$ 4,370
Fremont, City	FREACPC001	G-NR1	183,891	\$ 62,459	\$ 16,194	\$ 4,063	\$ 137,951	\$ 1,655	\$ 222,323	\$ 18,530	\$ 19,620
Golden Gate Bridge, H&TD	GOLACPC001	G-NR1	59,920	\$ 20,352	\$ 5,277	\$ 1,324	\$ 44,951	\$ 539	\$ 72,443	\$ 6,040	\$ 6,320
Gonzales, City	GONACPC001	G-NR1	14,820	\$ 5,034	\$ 1,305	\$ 327	\$ 11,118	\$ 133	\$ 17,917	\$ 1,500	\$ 1,700
Half Moon Bay, City	HALACPC001	G-NR1	2,163	\$ 735	\$ 191	\$ 48	\$ 1,623	\$ 19	\$ 2,616	\$ 220	\$ 310
Hercules, City	HERACPC001	G-NR1	15,278	\$ 5,189	\$ 1,345	\$ 338	\$ 11,461	\$ 138	\$ 18,471	\$ 1,540	\$ 2,750
Los Altos, City	LOSACPC001	G-NR1	20,251	\$ 6,878	\$ 1,783	\$ 447	\$ 15,192	\$ 182	\$ 24,483	\$ 2,050	\$ 2,600
Mill Valley, City	MILACPC001	G-NR1	78,508	\$ 26,665	\$ 6,914	\$ 1,735	\$ 58,895	\$ 707	\$ 94,916	\$ 7,910	\$ 7,650
Millbrae, City											
Millbrae, City	MILACPC003	G-NR1	23,752	\$ 8,068	\$ 2,092	\$ 525	\$ 17,818	\$ 214	\$ 28,716	\$ 2,400	\$ 2,140
Millbrae WWTP	MILACPC004	G-NR1	0	\$ -	\$ -	\$ -	\$ 480	\$ -	\$ 480	\$ 40	\$ 40
Milpitas, City	MILACPC002	G-NR1	154,831	\$ 52,589	\$ 13,635	\$ 3,421	\$ 116,151	\$ 1,394	\$ 187,190	\$ 15,600	\$ 16,240
Monte Sereno, City	MONACPC001	G-NR1	1,046	\$ 355	\$ 92	\$ 23	\$ 785	\$ 9	\$ 1,265	\$ 110	\$ 100
Moraga, Town	MORACPT001	G-NR1	5,265	\$ 1,788	\$ 464	\$ 116	\$ 3,949	\$ 47	\$ 6,365	\$ 540	\$ 510
Napa, County											
Napa County001	NAPACPN001	G-NR1	1,298	\$ 441	\$ 114	\$ 29	\$ 974	\$ 12	\$ 1,570	\$ 140	\$ 150
Napa County002	NAPACPN002	G-NR1	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 460
Napa County004	NAPACPN004	G-NR1	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 470
Napa County005	NAPACPN005	G-NR1	82,731	\$ 28,100	\$ 7,286	\$ 1,828	\$ 62,063	\$ 745	\$ 100,022	\$ 8,340	\$ 8,660
Oakland, City											
Oakland, City	OAKACPC001	G-NR1	651,772	\$ 221,377	\$ 57,397	\$ 14,402	\$ 488,947	\$ 5,866	\$ 787,989	\$ 65,670	\$ 71,340
Oakland Zoological	OAKACPC002	G-NR1	12,721	\$ 4,321	\$ 1,120	\$ 281	\$ 9,543	\$ 115	\$ 15,380	\$ 1,290	\$ 1,510
Orinda, City	ORIACPC001	G-NR1	25,870	\$ 8,787	\$ 2,278	\$ 572	\$ 19,407	\$ 233	\$ 31,277	\$ 2,610	\$ 2,540
Pacifica, City	PACACPC001	G-NR1	24,801	\$ 8,424	\$ 2,184	\$ 548	\$ 18,605	\$ 223	\$ 29,984	\$ 2,500	\$ 2,590
Petaluma, City	PETACPC001	G-NR1	23,207	\$ 7,882	\$ 2,044	\$ 513	\$ 17,410	\$ 209	\$ 28,058	\$ 2,340	\$ 2,410
Pleasanton, City	PLEACPC001	G-NR1	188,428	\$ 64,000	\$ 16,594	\$ 4,164	\$ 141,355	\$ 1,696	\$ 227,808	\$ 18,990	\$ 20,000
Regional Admin. Facility	RAFACPC001	G-NR1	46,736	\$ 15,874	\$ 4,116	\$ 1,033	\$ 35,061	\$ 421	\$ 56,504	\$ 4,710	\$ 5,020
Richmond, City	RICACPC001	G-NR1	375,074	\$ 127,395	\$ 33,030	\$ 8,288	\$ 281,373	\$ 3,376	\$ 453,462	\$ 37,790	\$ 42,440
Salinas, City	SALACPC001	G-NR1	182,736	\$ 62,067	\$ 16,092	\$ 4,038	\$ 137,085	\$ 1,645	\$ 220,928	\$ 18,420	\$ 22,120
San Carlos, City	SANACPC003	G-NR1	25,281	\$ 8,587	\$ 2,226	\$ 559	\$ 18,966	\$ 228	\$ 30,565	\$ 2,550	\$ 2,750

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Core Rates	Small Commercial	G-NR1				\$ 0.750	
	Large Commercial	G-NR2	\$ 0.340	\$ 0.088	\$ 0.022	\$ 0.590	\$ 0.0265
	Residential	G-1/GM				\$ 0.876	
Noncore Rate	Electric Generation	G-NT	\$ 0.340	\$ 0.088	\$ -	\$ -	\$ 0.002

Member Agency	Master Account	Predominant Load Schedule	Estimated Annual Usage	Gas Commodity and Transportation Cost	Program Expenses	Gas Storage Costs	PG&E Pass-through Costs	Distribution Shrinkage	Total Annual Cost Estimate	FY 20-21 Monthly Levelized Charge	FY 19-20 Monthly Levelized Charge
San Mateo County											
San Mateo County006	SANACPC006	G-NR1	330,355	\$ 112,206	\$ 29,092	\$ 7,300	\$ 247,826	\$ 2,973	\$ 399,398	\$ 33,290	\$ 34,850
San Mateo County007	SANACPC007	G-NR2	199,265	\$ 67,681	\$ 17,548	\$ 4,403	\$ 117,576	\$ 1,794	\$ 209,002	\$ 17,420	\$ 14,990
San Mateo County008	SANACPC008	G-NR1	6,249	\$ 2,122	\$ 550	\$ 138	\$ 4,688	\$ 56	\$ 7,555	\$ 630	\$ 860
San Mateo County009	SANACPC009	G-NR1	2,778	\$ 943	\$ 245	\$ 61	\$ 2,084	\$ 25	\$ 3,358	\$ 280	\$ 330
San Mateo County011	SANACPC011	G-NR1	9,608	\$ 3,263	\$ 846	\$ 212	\$ 7,208	\$ 86	\$ 11,616	\$ 970	\$ 920
San Mateo County013	SANACPC013	G-NR1	54,368	\$ 18,466	\$ 4,788	\$ 1,201	\$ 40,785	\$ 489	\$ 65,730	\$ 5,480	\$ 5,580
San Mateo County015	SANACPC015	G-NR1	67,243	\$ 22,839	\$ 5,922	\$ 1,486	\$ 50,444	\$ 605	\$ 81,296	\$ 6,780	\$ 7,140
San Mateo County016	SANACPC016	G-NR1	7,000	\$ 2,378	\$ 616	\$ 155	\$ 5,251	\$ 63	\$ 8,463	\$ 710	\$ 740
San Rafael, City	SANACPC001	G-NR1	65,971	\$ 22,407	\$ 5,810	\$ 1,458	\$ 49,490	\$ 594	\$ 79,759	\$ 6,650	\$ 6,800
Santa Clara, County	SANACPN001	G-NR1	799,370	\$ 271,509	\$ 70,395	\$ 17,664	\$ 599,672	\$ 7,195	\$ 966,435	\$ 80,540	\$ 83,770
Santa Rosa, City	SANACPC005	G-NR1	259,406	\$ 88,108	\$ 22,844	\$ 5,732	\$ 194,602	\$ 2,335	\$ 313,621	\$ 26,140	\$ 29,260
Saratoga, City	SARACPC001	G-NR1	12,413	\$ 4,216	\$ 1,093	\$ 274	\$ 9,312	\$ 112	\$ 15,007	\$ 1,260	\$ 1,390
Union City	UNIACPC001	G-NR1	10,128	\$ 3,440	\$ 892	\$ 224	\$ 7,598	\$ 91	\$ 12,244	\$ 1,030	\$ 1,000
Vallejo, City	VALACPC001	G-NR1	119,440	\$ 40,568	\$ 10,518	\$ 2,639	\$ 89,601	\$ 1,075	\$ 144,402	\$ 12,040	\$ 19,510
Vallejo Sani. & Flood Control Dist	VALACPD001	G-NR1	83,896	\$ 28,496	\$ 7,388	\$ 1,854	\$ 62,937	\$ 755	\$ 101,430	\$ 8,460	\$ 8,900
Watsonville, City	WATACPC001	G-NR1	65,466	\$ 22,236	\$ 5,765	\$ 1,447	\$ 49,112	\$ 589	\$ 79,148	\$ 6,600	\$ 7,250
Winters, City	WINACPC001	G-NR1	2,915	\$ 990	\$ 257	\$ 64	\$ 2,187	\$ 26	\$ 3,525	\$ 300	\$ 290
Total - Core			5,775,371	\$ 1,961,625	\$ 508,597	\$ 127,618	\$ 4,306,880	\$ 51,983	\$ 6,956,703	\$ 579,960	\$ 619,950
Rate (\$/therm)				\$ 0.340	\$ 0.088	\$ 0.022	\$ 0.746	\$ 0.009			
Noncore Accounts											
San Mateo, County	SANACPC014	G-NT	360,933	\$ 122,592	\$ 31,785	\$ -	\$ -	\$ 245	\$ 154,622	\$ 12,890	\$ 12,920
Santa Rosa, City	SANACPC012	G-NT	346,295	\$ 117,620	\$ 30,496	\$ -	\$ -	\$ 235	\$ 148,351	\$ 12,370	\$ 7,700
Watsonville, City	WATACPC002	G-NT	154,202	\$ 52,375	\$ 13,579	\$ -	\$ -	\$ 105	\$ 66,059	\$ 5,510	\$ 5,690
Total - Noncore			861,430	\$ 292,588	\$ 75,860	\$ -	\$ -	\$ 585	\$ 369,033	\$ 30,770	\$ 26,310
Rate (\$/therm)				\$ 0.340	\$ 0.088	\$ -	\$ -	\$ 0.001			
GRAND TOTAL			6,636,801	\$ 2,254,213	\$ 584,457	\$ 127,618	\$ 4,306,880	\$ 52,568	\$ 7,325,736	\$ 610,730	\$ 646,260